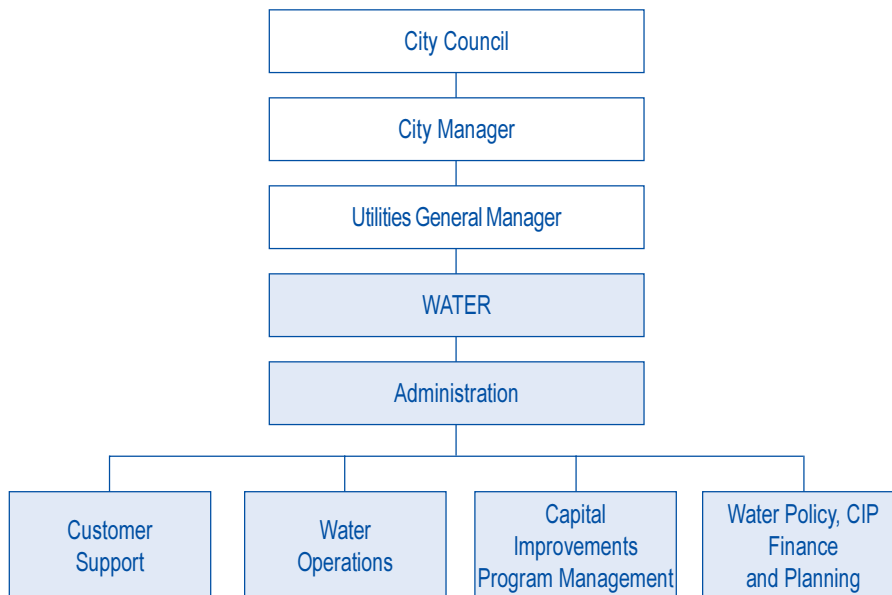


Water



Mission Statement

Provide the best quality of water to the citizens of San Diego in a professional, effective, efficient, and sensitive manner in all aspects of operation so that the public health, environment, and quality of life are enhanced.



Overview of Services/Programs

In Fiscal Year 2001, the Water Department had 799.22 budgeted positions within its operating budget and spent \$224 million to deliver an average of 198 million gallons per day (mgd) to City water customers. The department receives no revenue from sales taxes or property taxes, and operates primarily on funds derived from water rates and service charges. These funds are administered in an enterprise fund separate from the City's General Fund, in accordance with City Charter provisions. The positions and expenditures above do not include costs specifically identified for Capital Improvement projects.

The department has an active Grants and Agreements Section managing over \$3 million in grant awards during the previous year, and is pursuing over \$2.4 million in funding from the State Water Resources Control Board, as a result of the passage of Proposition 13 (Costa-Machado Water Act of 2000). The department is also pursuing over \$21 million in State Revolving Fund Loans to utilize in funding the department's Capital Improvement Program. Furthermore, section staff is reviewing over 300 water service agreements for update or revision, with the goal of maximizing revenue and participating-parties equity.

The department has continued to provide local citizens with recreational use of its reservoirs. Activities such as boating and fishing continue to attract thousands of visitors each year. The Reservoirs and Recreation Section is responsible for the impounding of locally produced runoff at ten municipal reservoir sites located throughout San Diego County, and the management of their associated City-owned watersheds. The San Diego City Lakes Program provides highly valued community recreation opportunities at sites such as Murray, Miramar and Hodges, as well as a broad range of outdoor and aquatic activities (fishing, recreational boating, water-skiing, picnicking, hiking, jogging, cycling, etc.)

The City of San Diego established its Water Conservation Program in 1985. Its long-term goal is to reduce San Diego's dependence upon imported water. To assist in accomplishing this goal, the City Council has supported the development of a comprehensive water conservation effort that implements programs designed to assist residential, commercial, industrial, and institutional customers in managing their water use wisely. The City's innovative water conservation efforts have been recognized and emulated by water agencies and districts in the United States and Canada. The water conservation programs, implemented during drought and non-drought years, provide City water customers with information, water efficient plumbing fixtures, financial incentives, and practices that reduce water used for interior (plumbing, manufacturing) and exterior (landscape, irrigation) purposes. These water conservation efforts have resulted in total Citywide water savings of more than 14 million gallons per day.

Major Accomplishments/Service Efforts

Safety Section: Since Fiscal Year 1998, the Water Department Safety Section has increased its level of customer service and productivity by establishing measurable goals and outcomes that target a reduction of reportable and lost time injuries. Based on comparable information from both the National and State averages for the water industry, the department determined comparison standards for injury tracking and trending. Current statistics place injury rates for the department below the national average. Safety person-

nel conduct scheduled and impromptu training tailgates on topics directly related to department injury statistics. The success of the Safety Program is based on a team approach to maintain the reduced levels of accidents and injuries.

The Safety audit program along with site visits and tailgates enabled continued success in correcting unsafe behaviors and conditions; thus near misses and reportable injuries were avoided. Additionally, the department continues to monitor, on a quarterly basis, its Safety Rewards and Recognition Program.

Centennial Celebration a Huge Success: Thousands of San Diegans helped mark the 100th birthday of the City of San Diego Water Department at the Centennial Celebration held at Lake Murray on May 19, 2001. Activities included a Fun Walk, a poster contest for school children, boat tours of Lake Murray, free Kettle Korn and free hat making. There were nearly 20 booths and kiosks passing out information about the Water Department and other City programs. The public information team and management of the Water Department came up with a remarkably successful way to fund the celebration. The Water Department invited the private sector to help fund the Centennial Celebration and in exchange those companies were thanked by including their logos on signs, T-shirts and other promotional materials. In all, the Water Department teamed with 35 private and public partners which donated time, services, supplies, raffle gifts and more than \$26,000.

Reclaimed Water Costs Reduced: The City Council reduced the cost of reclaimed water to \$350 an acre-foot, approximately 54 percent less than the cost for drinking water. This new pricing will allow customers to see significant savings and encourage the increased use of reclaimed water.

Water Reclamation Program Continues to Enjoy Successes: Reclaimed water is used for irrigation, as water for cooling towers and for manufacturing process water. An aggressive marketing campaign has led to the City now having 219 reclaimed water meters on-line. The following is a result of successful marketing strategies:

- PharMingen, a biomedical and genetic pharmaceutical products manufacturer is the first building in the City of San Diego to use reclaimed water for water closet flushing, urinal flushing, and priming of floor drain traps;
- North and South Torrey Pines Golf Courses have been completely retrofitted and are using about 350 acre feet of reclaimed water per year for irrigation purposes;
- An agreement has been signed to bring the Marine Corps Air Station Golf Course on line to use reclaimed water, and;
- New large customers continue coming onboard, including new and existing golf courses, homeowner associations, parks, and schools, present a great potential for reclaimed water use.

The Recycled Water Distribution System now includes approximately 46 miles of pipeline; four pressure zones; two pump stations; nine pressure reducing stations; and a nine million gallon reservoir.

Constructed Wetlands Report: The Water Department released a report on Constructed Wetlands in the Rose Creek Watershed. This detailed report contains an analysis of the different types of wetlands, the value of wetlands to the City in terms of biologically treating urban runoff and reducing pollution in our bays and beaches, and promoting educational and recreational opportunities to residents of all ages. Research on this topic has allowed the Water Department to contribute significantly in addressing the current public safety problem at the Sante Fe Street/Rose Creek area. The Police Department is proposing the use of wetlands with native vegetation as a solution to the problem.

Bigger, Better Code Enforcement Program Proving Successful: More than a year ago, the City of San Diego Water Department decided to step-up its Code Enforcement Program. This meant more Code Enforcement Officers and stiffer penalties for those caught stealing water. The effort is paying off in a big way for the Water Department and its ratepayers. Recently, a development company was caught with an illegal water connection at its downtown construction site. Investigations disclosed that the theft had gone on for more than a year and also included backflow prevention violations. Based on the Code Enforcement Program's report, the City Attorney was able to prosecute the company which agreed to pay treble damages, civil penalties and investigative costs totaling \$296,000. In addition, the Water Department has set up a Water Theft Tip Line. If somebody sees possible water theft, they are encouraged to call 619-515-3500.

Ultra-Low Flush Voucher Program Established: In an effort to make buying an ultra-low flush toilet (ULFT) as convenient and easy as possible, the City of San Diego Water Department is now offering a \$75 voucher per residential toilet. The Voucher Program, which is being run in partnership with the San Diego County Water Authority, replaces the previous program which offered rebates on ULFTs. The new program will increase participation as customers won't have the initial out-of-pocket expense incurred in the old rebate program. Before purchasing a new ULFT, City of San Diego Water Department customers should request a voucher. Commercial properties can receive a \$95 voucher per ULFT. Also, the City of San Diego will recycle old toilets free of charge. To request a residential or commercial voucher, to arrange to get an old toilet recycled, or to get more information about the Voucher Program, customers can call the Program Hotline at 1-800-986-4538.

New Security Measures Announced for City Reservoirs: The Water Department has increased security to further protect municipal water supply reservoirs. Most notably, the walkway across Miramar dam has been closed and entrance stations have been established at San Vicente and El Capitan reservoirs. Only patrons willing to show photo identification and permit Water Department staff to inspect incoming vehicles and boats are permitted onto the reservoirs San Vicente and El Capitan. Large containers such as ice chests are subject to inspection as well.

Guaranteed Water for Industry Program: The Water Department implemented a "Guaranteed Water" for Industry Program, which exempts research and development firms or industrial manufacturing firms from drought-related mandatory water restrictions in exchange for their participation in daily water conservation programs, including the use of reclaimed water. To qualify for the "Guaranteed Water" Program, the business must be located in an area where reclaimed water is available; use reclaimed water on its premises to the fullest extent possible; and, participate in all applicable City water conservation programs. Once the company passes an inspection by the City's Water Conservation

Engineer, the company is certified by the City as exempt from mandatory water supply cuts during a “water warning.” Companies who are currently certified by the program include the R. W. Johnson Pharmaceutical Research Institute and the PharMingen Corporation.

A company certified by the “Guaranteed Water” Program may use as much as 19,602 gallons of reclaimed water per day. A company certified by this Program could potentially save enough potable water to meet the needs of 50 average San Diego families per year. To participate in the City’s “Guaranteed Water” for Industry Program, firms can contact the City of San Diego’s Water Resources Management Program at 619-239-0132.

Water Quality Laboratory

The Water Quality Laboratory provides several vital services to the Water Department and the community. Laboratory functions include the monitoring of raw water, treated water, the distribution system, new mains, watershed, and ground water. It is responsible for reporting this data to the appropriate City departments, as well as to outside regulatory agencies, and is certified by the California Department of Health Services, Environmental Lab Accreditation Program (ELAP). Customer service is another primary focus of the lab, with an emphasis on resolving water quality issues. The lab is also contracted by other local agencies to provide analytical services. Microbiological and chemical analysis is performed on more than 4,000 samples per month. These are collected from the treatment plants, the distribution system, new main connections, as well as our local reservoirs and watershed. For the past three years, the microbiology group has had perfect scores on its proficiency test, exemplifying the Water Department’s goal of providing safe, high quality drinking water to the citizens of San Diego.

Water Department Helps Meet Governor’s Goal of Reducing Energy Consumption

In an effort to assist in meeting the State’s goal of reducing energy consumption, the Water Department instituted a series of operational changes that helped to realize a 14 percent reduction in our energy consumption over the past year.

100 Years of Service Providing Safe & Reliable Water

The Water Department celebrates 100 years of reliably serving safe, healthy water to the citizens of and visitors to, America’s Finest City; this has been done without one violation of drinking water regulations. While the responsibilities of the City of San Diego Water Department have expanded during the last 100 years to include water conservation, water reclamation, customer service and public outreach, the goal of meeting the needs of the citizens of San Diego remains the same. This celebration demonstrated our appreciation to the communities we serve.

Office of Human Resources

The Office of Human Resources provides effective and centralized human resources, payroll and training administration for the Water Department. The services provided include guidance, coordination, technical advice and recommendations on personnel, Labor Relations, discipline, Equal Employment Opportunity, employee training development and coordination, payroll processing and related human resources matters.

Water

In 2001, the Office of Human Resources administered several major change efforts and human resources projects throughout the Water Department, including the following:

- Development of a flexible, cross trained construction and maintenance work force with the continuing implementation of the Water Systems Technician classification series.
- Implementation of State of California Water Distribution Operator certification requirements throughout the Water Department construction and maintenance workforce.
- Creation of the “Club 70” program to develop and improve employee reading comprehension, math skills and test taking strategies. As well as assisting employees in their current assignments, “Club 70” has helped employees to achieve the required Water Distribution Operator Certification. The creation of this program earned a City Manager’s “High Performing Team” award for those involved in the Club 70 project.
- Administration of a Water Department “Academy” for new Water Department construction and maintenance field employees to provide consistent orientation and training on water distribution system operations.
- Creation of an employee performance evaluation tracking system. The system provides regular reports to management about evaluations currently and past due to ensure that timely feedback is given to employees regarding their performance. The system assisted Human Resources and Water Department management in ensuring that all employee performance evaluations were current by June 2001.
- Assistance and human resources services to the Citywide Human Resources Department including executive recruiting and selection processes, performing sensitive fact finding investigations, participating on Citywide committees including the Performance Evaluation Task Force, Injured Employees Committee and the EEO Task Force, and providing expert information on Water Distribution Operator Certification for labor negotiations and related issues.

Capital Improvements Program (CIP)

The City of San Diego Water Department’s Capital Improvements Program is a multi-year effort which includes water treatment plant upgrades and expansions, rehabilitating and installing new water transmission pipelines, replacing existing outdated cast iron water distribution mains, rehabilitating and constructing new pump stations and reservoirs and enhancing water quality. These projects will insure a safe and reliable water supply for San Diego’s current and future generations, and minimize the number of water main breaks, which can exacerbate traffic congestion and water runoff contamination. The Capital Improvements Program is funded by the Water Department’s revenue funds, capacity charges, and bonds. In Fiscal Year 2001, the department began several important water infrastructure projects and completed others. This year has marked tremendous progress toward upgrading and

expanding the City's critical water infrastructure. The core of the CIP Program is upgrades to the water treatment and distribution system. Safe, efficient water delivery is a necessary component for neighborhood pride. CIP Program highlights include:

Groundwater Asset Development Program: Up to 90 percent of the water used by City customers each day is imported. The Water Department has embarked on a groundwater asset development program to increase the utilization of local groundwater basins for storage and as a water supply source. Groundwater requires less energy to transport than water from the California Aqueduct or Colorado River, promoting energy and water independence.

Reclaimed Water: The reclaimed water system consists of the North City, San Pasqual, and South Bay water reclamation plants. The City received EPA grants to construct the North City plant with the goal that 10 percent of its flow be reused by 1998; followed by 25 percent in 2003 and 50 percent in 2010. The 1998 goal has been met. A Beneficial Reuse study was prepared to detail additional distribution system needs in order to meet the grant goals while maximizing the cost-effective reuse of water. Capital projects are being planned and designed to extend the current North City distribution system.

Negotiations to sell reclaimed water are underway with a number of other agencies. A reduced reclaimed water rate of \$350 an acre-foot went into effect July 1, 2001. This new rate is approximately 50 percent less than the cost for drinking water and will allow customers to realize significant savings and encourage the increased use of reclaimed water.

Upgrades at the Alvarado Water Treatment Plant to Enhance Water Quality: At the Alvarado Water Treatment Plant, the heart of our water system, we are nearing completion on the first phase of upgrades which will increase water treatment capacity from 120 million gallons per day to 150 million gallon per day. New drinking water filters are now in operation and the old filters are being rehabilitated. The new filter wash-water tank construction is complete and the operations building renovation is almost complete. Additional scheduled improvements include a new disinfection facility, removal of an obsolete storage tank and continued renovations to the facility through 2007.

Black Mountain Road Pipelines Project: The Black Mountain Road Pipelines Project, a design-build innovation, is scheduled to start construction in April 2002. The project consists of a five-mile drinking water pipeline and nearly four miles of reclaimed water pipeline. The new pipelines will be installed concurrently to minimize construction impacts to the communities of Scripps Ranch, Mira Mesa and Rancho Peñasquitos. By utilizing the design-build method, the City will save money and time in building this project. Concurrent pipeline installation reduces construction time and traffic congestion.

Bonita Pipeline Replacement: Construction is now underway, and is scheduled to be complete in Fall 2002, to replace the Bonita Pipeline. This pipeline is one of the City's oldest water transmission mains. The \$2.4 million project replaces the remaining sections of the 85-year-old cast iron pipe with approximately 3,200 lineal feet of 30-inch pipe, and will significantly improve water service reliability in the area.

New Water Pump Stations Improve Service: In Spring 2001, the Deerfield Water Pump Station and Town View Lane Pipeline were completed, improving water service for customers in the San Carlos area. The \$7.1 million project replaces the outdated Hillandale Water Pump Station and an existing water pipeline. A win-win for the City and the community, the facility features an art wall designed to reflect the theme of the adjacent Mission Trails Regional Park and symbolize the rich history of the area. The project art wall has recently been selected as one of 19 water projects to be included in the Metropolitan Water District (MWD) of Southern California's Liquid Art Program.

Service to Encanto Improved: The Encanto Park Pipeline and 65th & Herrick Water Pump Station projects were completed in August 2001 and have increased water pressure and enhanced water service reliability in the Encanto area.

Service to Coastal Areas Enhanced: The Miramar Road Pipeline project began in Spring 2001 and is nearly completed. This pipeline will improve water service to coastal communities.

Service to Northern San Diego Improved: The Miramar Water Treatment Plant serving the northern communities will be expanded from 140 million gallons per day to 215 million gallons per day once completed in Spring 2008. The groundbreaking ceremony for this project was on June 1, 2001.

San Carlos Reservoir Improved: The San Carlos Reservoir Rehabilitation is nearly complete and will feature new seismic upgrades and improved structural features.

The Water Department SCADA System

San Diego Water Department, along with their consultant, EMA, Inc., planned the Supervisory Control and Data Acquisition (SCADA) system in two phases in order to maximize benefits as quickly as possible. Phase I included the design of the SCADA system and implementation of the data acquisition system and some control. Having the SCADA system online allows the utility to better control the distribution of water during Phase II of the project, when equipment and service disruptions will be inevitable. Phase II is currently ongoing.

The SCADA system monitors the three City water treatment plants and 98 other remote sites, including water pump stations, regulator, pressure and major valve sites. This is accomplished utilizing Modicon programmable logic controllers and the Modbus Protocol with 900 MHz radios communicating the data signals to seven master radio receiver sites where they join the City's microwave backbone to provide communications with the realtime SCADA servers.

San Diego Water Department is using "technology as a strategy" to maximize customer service and utility effectiveness. The SCADA system is the backbone for water distribution and delivery, providing the Water Department with an improved operator interface, increased reliability, increased data accuracy, effective data management, timely and complete report generation, enhanced communications, fully integrated information systems, and flexibility for growth.

By integrating with Totally Integrated Data Enterprise System (TIDES), the SCADA system will share information with such systems as Water Modeling, Geographic Information Systems (GIS), a Computerized Maintenance Management System (CMMS), Laboratory Information Management System (LIMS), Plant Control System (PCS), and a daily operations status system called Morning Reports.

New Billing and Collection Policies, Fire Hydrant Meter Program Implemented

This broad range of changes includes new fees for customers who don't pay their water bills, and a new program that enables the Water Department to keep a closer watch on fire hydrant meters primarily used by contractors. All procedural and program changes were implemented March 31, 2001. The new policies also call for reducing the number of days between billing and water shut off for non-payment from 55 days down to 45 days and allows for back billing of 100 percent of water usage regardless of time frame.

Water Department Receives Award for Reuben H. Fleet Exhibit

The Water Resources Program of the Water Department received a California State Assembly Certificate of Recognition for its interactive water exhibit on display at the Reuben H. Fleet Science Center. "San Diego's Water, from Source to Tap," is a 20-foot-long interactive display and learning experience that traces the path of our water and the technology required to deliver it to our homes and businesses. The award was "In honor of your commitment and dedication to making San Diego a global leader in technology and scientific innovation."

Customer Service Award/2001 Resident Satisfaction Survey

The Customer Support Division of the Water Department was honored for its efforts in the area of customer satisfaction receiving the award for the most improved service in the City of San Diego for 2001. In the Resident Satisfaction Survey sponsored by the City, the public's opinion of the department's customer service skyrocketed 17 percentage points from the previous year. The division was honored at the Quarterly Management Meeting with a certificate and trophy. The certificate, presented to Deputy Director Alex Ruiz by City Manager Michael Uberuaga, states that the award was "In recognition of the division's outstanding work to improve the quality of water/sewer billing".

Water Consumer Confidence Report Distributed Citywide

The Water Department distributed its "2000 Consumer Confidence Report" in July 2001, to more than 530,000 residents and businesses in the City. The report included information on the City's consistently safe drinking water, sources of water, and water quality test results. The entire report is also available in Spanish and can be accessed on the City's web site at www.sandiego.gov. This year's report also included translation information in thirteen different languages.

New Video Released, Featuring City Lakes and Recreation Programs

The Water Department premiered a new 40-minute documentary entitled "Touring San Diego City Lakes with Jim Brown," produced by City Access Television. The program highlights the City's nine reservoirs, fun-filled adventures at each lake, and reveals the fishing and recreational opportunities available to the community.

System Water Loss

Another area where the Water Department is proud of its achievements is in the area of water system loss. The department's water loss is approximately four percent to five percent of our total water purchases, whereas the national average is between eight percent to nine percent.

Water Department Embarks upon Urban Runoff (Storm Water) Plan

In response to the San Diego Regional Water Quality Control Board's (RWQCB) new Municipal Storm Water Permit, the Water Department is developing a plan to address storm water pollution issues. The plan will address operations and maintenance of the City's water system and protection of surface and ground water resources. The Water Department will be assisting in the development of Watershed Urban Runoff Management Plans for the watershed portion of the new Storm Water Permit with other jurisdictions that share our watersheds.

Watershed Protection Becoming More Important to Preserving Water Quality

The Water Department worked with the City of Chula Vista on a development project which ultimately diverted urban runoff away from the Otay Reservoir. The department has also begun to map its nine watersheds to assist with reviewing development plans, which could impact the source water draining into the City's reservoirs. Furthermore, the department is in discussions with the County of San Diego and the Cities of Chula Vista and Imperial Beach to develop a Watershed Management Plan for the Otay Watershed. The department has also signed on as co-applicant to assist in the development of a Watershed Management Plan for the San Diego River.

Water Department Fosters Educational Outreach Opportunities

The Water Department has developed partnerships with two local schools to teach over 2,000 students about careers in the water industry. The department participated in Lincoln Academy's Annual Career Days in 2000 and 2001. Classroom presentations were conducted by a water quality chemist, a water treatment plant operator, office administration personnel, and a computer demonstration showed the power of the department's infrastructure database being put to work. Outdoor exhibitors included a leak detection truck, a hydraulics crew, an emergency response van, and divers with their underwater equipment. Staff also participated in two job shadowing events giving students the opportunity to work one-on-one with several water professionals. In addition, in 2001 the department held its First Employee Golf Tournament raising more than \$700 in funds for Oak Park Elementary School Beautification Projects. The department will continue to outreach and build partnerships with local schools.

Future Outlook

The Water Department, in cooperation with the San Diego County Water Authority (CWA) and the Metropolitan Water Authority of Southern California, is continuing efforts to ensure a secure supply to satisfy future water requirements for the City. The current Capital Improvements Program will upgrade and expand the existing water delivery infrastructure, and the Water Resources Strategic Plan will provide a guide for generalized strategic resource planning through 2030.

In 1997, after a year-long strategic planning process by a citizen's advisory group, the City Council approved an eight year water capital improvements program and a financing plan to support that program. The capital program was designed to respond to a Compliance Order issued to the City by the California Department of Health Services, comply with increasingly stringent requirements of the federal Safe Drinking Water Act, rehabilitate or replace aging infrastructure, and provide increased capacity to meet growing demands on the water system. The City Council also approved the initial issuance of debt for that program and three annual six percent rate increases (effective in 1997, 1998 and 1999) to support the debt service payments and the pay-go requirements of the capital program. At the end of this Fiscal Year, July 2002, the proceeds of the initial debt issue will be entirely expended. In order for the water capital program to continue, additional bonds must be issued. Additional rate increases are required in order to pay for that debt, as well as to meet ongoing needs in the operations and maintenance program. The City Council will consider the proposed water rate increase in April 2002.

San Diego's population is expected to grow to over 1.9 million residents by 2030, resulting in a 20 percent to 40 percent increase in water consumption. In order to meet the expected demand and foster water independence, the department is evaluating storage and supply options, including conservation, desalination, groundwater, water transfers, and maximizing the use of reclaimed water.

The Water Department completed a Long-Range Water Resources Plan (Resources Plan) in December 2001, as part of ongoing efforts to evaluate water supply and storage options to the year 2030. The plan evaluated a series of water supply portfolios and compared them to a set of evaluation criteria based on the following planning objectives: reliability, cost, risk, flexibility, environment, salinity and protection against catastrophes. The Water Department worked with its Citizens Advisory Board (CAB) for two years on the Resources Plan, which the CAB approved in December 2001. The City's 10 delegates to the CWA recommend that the City adopt a goal for water independence. The delegates presented a "blended portfolio," consisting of groundwater, reclamation, conservation and water transfers to the City Council Rules Committee on November 7, 2001. The Rules Committee voted 5-0 to support the goal and asked for annual progress reports.

Water Department Implements a Security Access Control System

Beginning in 2000, the Safety Section of the Water Department along with ADT Security Systems began the implementation of a new access control system to protect Water Department employees, facilities and information. This system is designed to improve

Water

accountability and limit access to various secured areas of Water office buildings, Water Treatment Plants and remote pump stations. Once the security project is complete, designated employees will have several new capabilities, including the ability to monitor and document entry into facilities, provide an audit trail and restrict entry into designated areas, and transmit video from remote locations.

Staffing and Expenditure History

Water Department Expenditures

	FY 2000 Actual	FY 2001 Actual	FY 2002 Budget
Water Purchases ⁽¹⁾	\$ 81,741,983	\$ 98,499,307	\$101,900,000
Personnel	\$ 40,126,674	\$ 45,290,033	\$ 48,931,572
Utilities	\$ 5,522,512	\$ 11,109,886	\$ 7,655,406
General Government Services	\$ 2,562,866	\$ 3,003,520	\$ 2,971,361
Chemical	\$ 2,759,586	\$ 2,941,674	\$ 3,093,984
Readiness-To-Serve	\$ 3,321,326	\$ 3,332,117	\$ 3,364,286
In-Lieu Taxes	\$ 889,765	\$ 949,293	\$ 1,027,678
Other Non-Personnel Expenses	\$ 66,802,997	\$ 58,880,475	\$ 64,216,569
TOTAL⁽²⁾	\$203,727,709	\$224,006,305	\$233,160,856
Percent Change from Prior Year		9.95%	3.73%

⁽¹⁾ Water purchases do not include Infrastructure Access Charge (IAC) pass throughs from CWA. These amounts are shown in other non-personnel expenses.

⁽²⁾ Totals do not include bond debt service payments, 45 day operating reserve and monies allocated to CIP projects.

Water Department Expenditures by Division

	FY 2000 Actual	FY 2001 Actual	FY 2002 Budget
Administration ^{(1)*}	\$ 6,896,670	\$ 11,283,643	\$ 14,731,400
Customer Support*	\$ 19,639,855	\$ 16,966,148	\$ 19,786,964
Water Operations*	\$ 86,694,517	\$ 87,910,575	\$ 86,330,593
CIP Program Management*	\$ 454,470	\$ 1,285,560	\$ 1,349,779
Water Policy, CIP Finance/Planning*	\$ 8,300,214	\$ 8,061,072	\$ 9,062,120
Water Purchases	\$ 81,741,983	\$ 98,499,307	\$101,900,000
TOTAL ⁽²⁾	\$203,727,709	\$224,006,305	\$233,160,856
Percent Change from Prior Year		9.95%	3.73%

⁽¹⁾ Increased expenditures in Fiscal Year 2001 due to reorganization and transfer of activities from Customer Support Division.

⁽²⁾ Totals do not include bond debt service payments, 45 day operating reserve and monies allocated to CIP projects.

*Expenditures have been prorated to divisions for Federal Grant Passthroughs and expenditures not captured at division level.

Water Department Positions/FTE

	FY 2000 Actual	FY 2001 Actual	FY 2002 Budget
Administration	16.26	59.22	66.24
Customer Support	214.60	191.00	207.00
Water Operations	464.00	487.00	485.00
CIP Program Management	29.00	31.00	34.00
Water Policy, CIP Finance & Planning	42.00	55.00	59.50
TOTAL ⁽¹⁾	765.86	823.22	851.74
Percent Change from Prior Year		7.49%	3.46%

⁽¹⁾ Totals include positions allocated to CIP Projects. These positions total 27.00 in FY 02.

Water

Performance Measures

Provide the best quality of water to the citizens of San Diego in a professional, effective, efficient, and sensitive manner in all aspects of operation so that the public health, environment, and quality of life are enhanced.

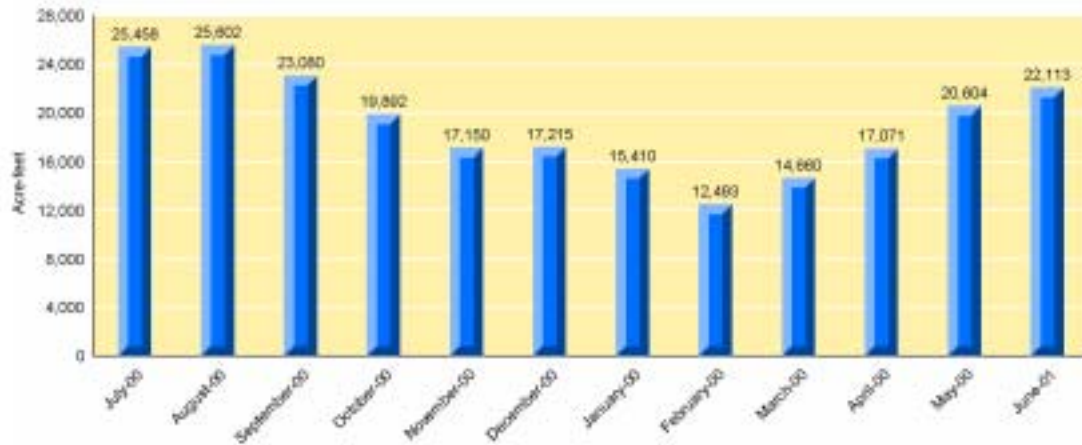
	FY 2000 Actual	FY 2001 Actual	FY 2002 Budget
Percentage of customer services phone calls answered within 30 seconds	87%	90%	90%
Percent of water meters read accurately	99.70%	99.70%	99.70%
Number of water samples analyzed to comply with Federal and State regulations 100% of the time	42,437	53,967	43,000
Number of safety inspections annually	7,200	7,200	7,200
Average cost per chemical analysis, evaluation, and reporting of USEPA mandated drinking water for the City of San Diego	N/A	\$13	\$13
Number of water modeling studies completed	80	83	90
Number of construction reviews performed and construction projects coordinated	92	89	93

Additional Performance Measures

In Fiscal Year 2001, approximately 230,749 acre-feet of water was delivered. The City sale of water in acre-feet was 220,560. There was a 4.4 percent system water loss; whereas the national average is between eight and nine percent.

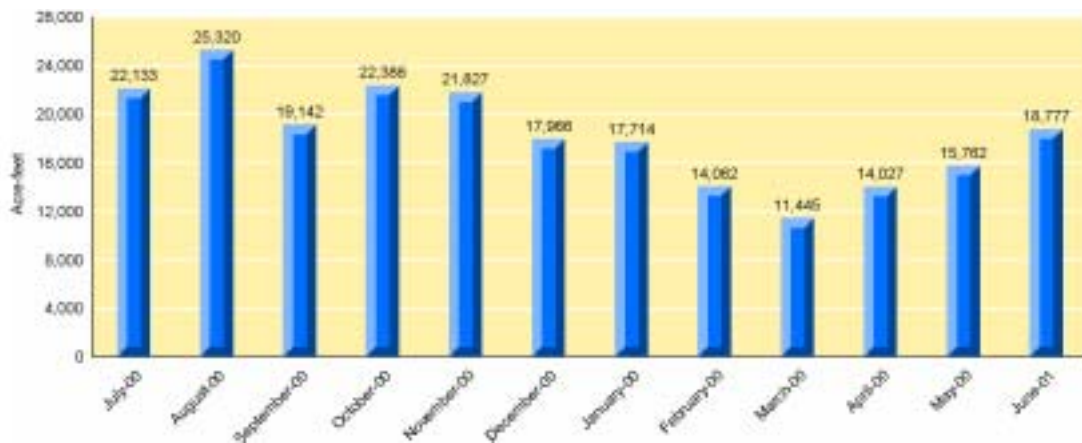
WATER DELIVERED

Graph displays the total acre-feet of water delivered on a monthly basis.



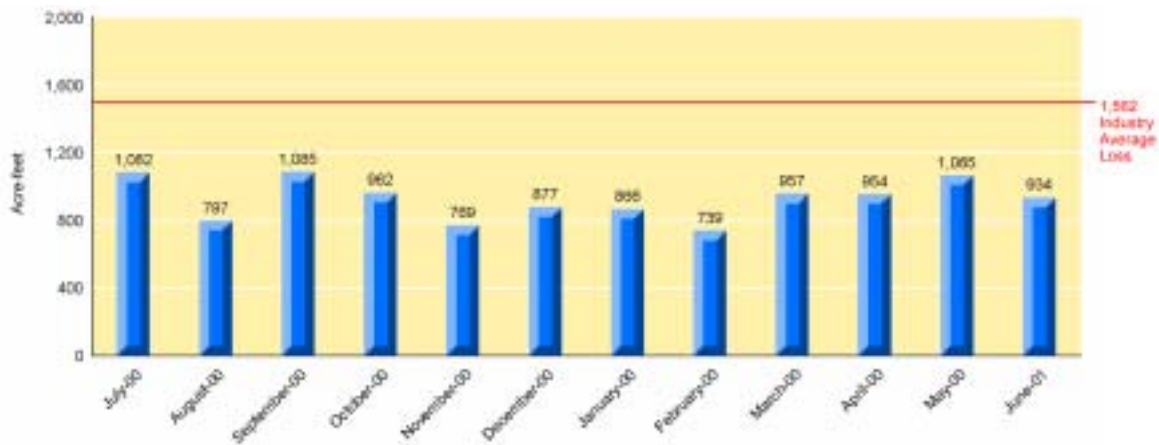
CITY SALES

Graph displays the total acre-feet of water sold on a monthly basis.



SYSTEM WATER LOSS

Graph displays loss as a running one year average.

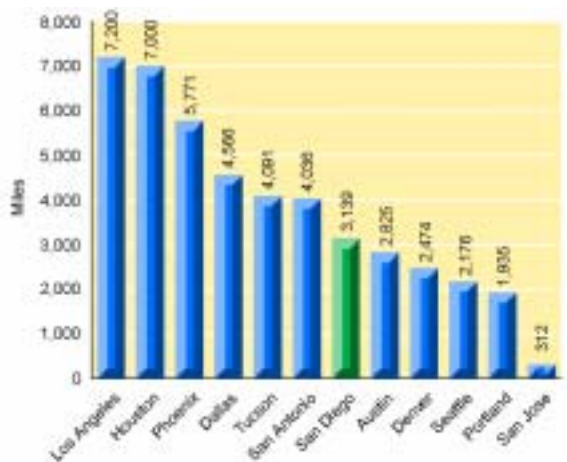


Comparison to Other Jurisdictions

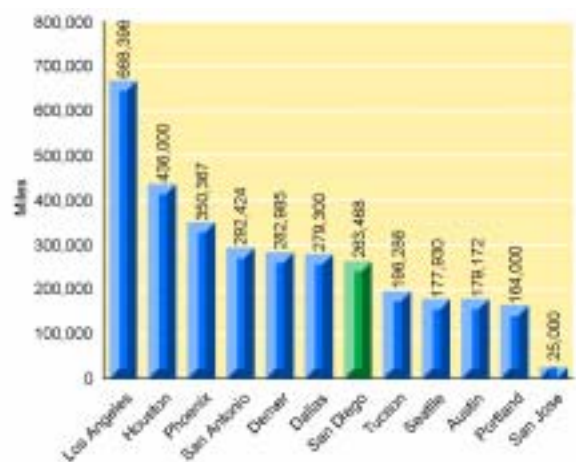
This graph compares each water agency's total miles of water mains that deliver potable water to all customers. For example, San Diego's water mains range from the 72-inch Shepherd Canyon Pipeline, to six-inch residential distribution lines.

This graph compares each water agency's total number of active meters in service. This includes service for residential, multi-family, commercial, and industrial customer accounts.

**MILES OF WATER MAINS
FY 2001**

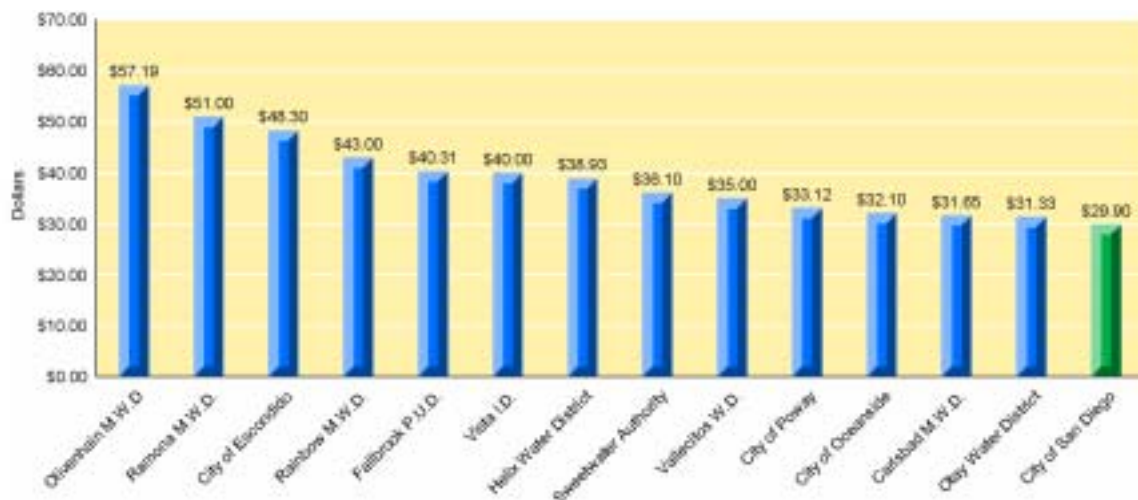


**NUMBERS OF METERS IN SERVICE
FY 2001**



This graph reflects a comparison of average monthly residential water bills among several San Diego County Water Authority member agencies. All agencies reflected import and treat the same Colorado River and State Water Project source water.

COMPARATIVE MONTHLY RESIDENTIAL WATER COST FOR SAN DIEGO COUNTY AS OF JANUARY 1, 2001



Optimization and Zero-Based Management Review

Since 1997, the Water Department has participated in a number of externally and internally driven efforts designed to identify the competitive levels of key programs, streamline processes and identify areas where operations could be improved. These review processes include the competitive assessments of the water distribution system and the Otay Water Treatment Plant's operations, Zero-Based Management Review, Re-engineering, internal reorganizations and other efforts. Recommendations made in these processes have guided the targeted implementation of new programs in areas where improvements could be maximized, resulting not only in the identification of net savings but also in new sources of revenue. This was achieved while meeting or exceeding State and Federal mandates for water quality and without reducing the high level of service to the community.

The collective recommendations from these programs have resulted in the following productivity improvements:

- **Re-engineering.** This effort is virtually completed. One area still pending is Workforce Flexibility: A reorganization of existing positions into more versatile work groups, within the bounds of existing classifications, and the establishment of a new job classification series which requires individuals to demonstrate and maintain a high degree of proficiency in distribution system operations and maintenance activities. Full implementation of this initiative is planned for July 2002.
- **Materials Management.** The centralized materials yard for all construction materials purchased, continues to progress with the transformation of the Storage yard into a Purchasing yard. This phase began March 2001, and is still in the transformation process. Materials Delivery has been implemented.
- **Fleet Equipment Reduction.** In Fiscal Year 2001 the motive fleet was reduced by 29 vehicles, thereby achieving an annual savings of approximately \$200,000. By the end of Fiscal Year 2002, the Operations Division will achieve a \$1.2 million in fleet equipment reduction savings as a result of the redirection of CIP resources to Operations. Therefore, the Operations division is deferring planned fleet purchases for Fiscal Year 2002, and reducing the number of new acquisitions to the current fleet.
- **Lakes and Reservoirs Improvements.** Implementation of aesthetic and other improvements have provided better recreation services to the City's lake and reservoir visitors. Improvements include providing better signage and maintenance, building entrance stations, and renewing lease concessions. Approximately \$130,000 in revenues are expected from this effort.
- **Water Quality Lab.** The Water Department's world class water quality laboratory continues to review and identify areas where work with other similar agencies could be exchanged, and the lab continues to remain competitive for all outside lab work.
- **Water Purchases.** The Water Department continues to aggressively pursue all opportunities to improve the efficiency of the City's imported water purchases. This is done by actively participating in existing programs, which benefit the City through discounted water rates, and by maximizing the use of locally

Water

captured runoff. The Water Department also works closely with water supply agencies on all proposals which may impact or provide water supply benefits to the City and region.

- **Treatment Plant Optimization.** As a continuing effort in this area, the Department will be looking at developing long-range energy management programs. This past year the department realized energy savings from rebate programs, improvements at our pump stations, and from energy efficient lighting retrofits at many of our facilities.

Resident Satisfaction

The clarity of the information on the City's water and sewer bills received the award for the most improved City service as determined by the 2001 Resident Satisfaction Survey. Seventy-two percent of residents are satisfied with this service provided by the Water Department. This represents a significant increase of 17 percentage points from the previous years level. This increase is a result of several changes which were in response to a comprehensive review of water and sewer billing and collection policies. The most significant changes included more consistent collection on all past due accounts; greater coordination between the City Attorney's and Treasurer's Offices on collection activities; and more stringent requirements regarding the use of temporary "construction meters". These changes were approved by the City Council in July 2000 and were fully implemented on April 1, 2001.

	2001 RESIDENT SATISFACTION					RESIDENT SATISFACTION 2001-1997				
	Satisfied		Dissatisfied		Not Sure	2001	2000	1999	1998	1997
	Very	Somewhat	Somewhat	Very						
The City's billing and payment processing for water and sewer services:	29%	43%	11%	8%	9%	72%	61%	72%	70%	70%
The clarity of the information contained in the City water and sewer bills you receive:	29%	43%	9%	5%	14%	72%	55%	71%	64%	N/A
Provision of drinking water that meets safety standards:	32%	40%	14%	6%	8%	72%	63%	61%	99%	N/A